

United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Montana State Office
5001 Southgate Drive
P.O. Box 36800
Billings, Montana 59107-6800
<http://www.mt.blm.gov/>

MTM 89859

NOTICE

COMPETITIVE OIL AND GAS LEASE SALE MONTANA, NORTH DAKOTA and SOUTH DAKOTA

May 31, 2000

BUREAU OF LAND MANAGEMENT
5001 SOUTHGATE DRIVE
BILLINGS, MONTANA 59101

INTERNET ADDRESS: <http://www.mt.blm.gov/oilgas/>

Notice is hereby given that on May 31, 2000, the U.S. Department of the Interior, Bureau of Land Management, Montana State Office will offer for competitive sale, pursuant to 43 CFR Part 3120 and procedures herein, certain Federal lands for oil and gas leasing.

LOCATION: The sale will be held in the main conference room, of the Bureau of Land Management, 5001 Southgate Drive, Billings, Montana. You must be present to bid.

TIME: The competitive oral auction will commence at 9 a.m. on May 31, 2000. The sale room will be open to the public one hour prior to the time indicated above to allow each interested party time to obtain a bidding number from authorized Bureau personnel.

REGISTRATION AND BIDDING NUMBERS: Individuals who will be making bids will be required to obtain a bidding number prior to making any bid. Identification and registration will be required but the names of high bidders (lessees) will be kept confidential until the results list is available. See BID FORM REQUIRED.

LANDS OFFERED: The lands to be offered are described herein. Plats showing offered lands and adjacent leased lands are available in the Montana State Office at the above address as well as the Bureau of Land Management District and Area Offices in North Dakota, South Dakota and Montana. Parcels will be offered for oral bid in the order shown in this Notice of Competitive Lease Sale.

TERMS OF LEASE: Leases awarded as a result of this oral auction will be for a primary term of 10 years, and so long thereafter as there is production in paying quantities. The royalty will be at the flat rate of 12½ percent of the value or the amount of production removed or sold from the lease. Other terms of the lease are specified on the standard lease form (Form 3100-11, June 1988 or October 1992 editions).

OTHER CONDITIONS: Specified surface use stipulations, where applicable, are specified for each parcel in this Notice of Competitive Lease Sale. Such stipulations shall become part of the lease and shall supersede any inconsistent provisions of the lease form. General surface use requirements are contained in the law and regulation. The applicable stipulations are indicated in the description of the parcel.

MINIMUM BID: The minimum acceptable bonus bid will be the lump sum equivalent of \$2 per acre or fraction thereof.

METHOD OF BIDDING: All bids shall be made orally and be based on a per-acre basis for the entire acreage in the parcel and not on the total bid amount. If fractional acreage is involved, a parcel will be rounded up to the next whole acre (parcel of 644.38 acres = 645 X \$2).

FRACTIONAL INTEREST: For some of the parcels, as indicated in the list, the United States holds less than 100 percent of the oil and gas rights. Any lease issued will be only for the percentages or fractions indicated. However, bonus bids and rentals for such parcels shall be based on the gross acreage in the parcel, not the net U.S. interest. Acreage chargeability and production royalty are, in contrast, calculated on the net U.S. interest.

RIGHT TO WITHDRAW PARCELS FROM SALE: The Bureau of Land Management reserves the right to withdraw any or all of the parcels from sale prior to, or at, the oral auction. In the event of cancellation of the sale, every effort will be made to give appropriate notice to all interested parties. If and when any individual parcels are withdrawn, notice thereof will be posted in the Information Access Center (IAC) of the Bureau of Land Management, Montana State Office, 5001 Southgate Drive, Billings Montana. You may also obtain the numbers of withdrawn parcels by telephoning (406) 896-5091 from 9 a.m. to 4 p.m., Monday through Friday, except Federal Holidays.

DETERMINATION OF WINNING BID: A winning bid will be the highest oral bid, equal to or exceeding the national minimum acceptable bid specified above. The decision of the auctioneer shall be final.

PAYMENT OF BONUS BID, RENTAL AND ADMINISTRATIVE FEE: Winning bidders shall be required to make payment for the parcel on the day of the oral auction for a total amount consisting of: (1) a bonus bid deposit of at least \$2 per acre or fraction thereof; (2) the total amount of the first year's annual rental at a rate of \$1.50 per acre or fraction thereof (e.g., parcel of 644.38 acres = 645 X \$1.50); and (3) an administrative fee of \$75 per parcel. Failure to pay this minimum deposit may result in assessment of civil penalties. This amount must be tendered at the auction. The entire amount due may be paid at this time. Any unpaid balance of the bonus bid must be received by the Montana State Office by 4 p.m. on **June 14, 2000**, or all monies held by the Bureau of Land Management and the right to issuance of the lease shall be forfeited. Any entity who forfeits the right of issuance of a lease (failure to submit the remaining monies due) on **three** occasions is prohibited from bidding at any future sale in this State. Any parcel so forfeited may be reoffered by BLM competitively at a later oral auction.

FORM OF PAYMENT: Payment shall be made by personal check, certified check, money order, or credit card (Visa or Mastercard). Payment by cash shall NOT be allowed. All remittances shall be made payable to DEPARTMENT OF THE INTERIOR - BLM.

BID FORM REQUIRED; AVAILABILITY: Pursuant to 43 CFR 3120.5, successful high bidders (lessees) will be required to submit WITH the required payments for each parcel on the day of the oral auction of such parcel a properly signed current competitive lease bid form (Form 3000-2, May 1994 edition), which is a legally binding offer by the prospective lessee to accept a lease pursuant to the terms and conditions specified herein for the parcel and on the standard lease form (Form 3100-11, October 1992 edition). Form 3000-2 may be obtained and executed by the prospective lessee or an authorized representative **PRIOR** to the oral auction (one copy is enclosed). If the bid form is fully completed before the oral auction, it cannot be modified; portions of the form may be left blank to be completed by the bidder at the auction. If the bid form is not executed prior to the oral auction, the prospective lessee or an authorized representative shall be required to complete and sign the bid form at the auction when the payment is tendered. Form 3000-2, when completed, certifies compliance with lessee qualifications (see 43 CFR 3102.5-2) and also certifies compliance with 18 U.S.C. 1860, which prohibits unlawful combination of or intimidation of bidders and certifies that the bid was arrived at independently without unlawful collusion.

AWARD/ISSUANCE OF LEASES: Prospective lessees are advised that leases may be issued, upon signature by the authorized officer, without further action on his/her part, once all remaining bonus bid monies are timely received. The effective date of the lease shall be the first day of the month following execution of the lease form by the authorized officer, except that leases may, upon written request from the lessee received prior to signature on the lease by the authorized officer, be effective the first day of the month in which issued.

UNSOLD PARCELS: Parcels contained in this Notice of Competitive Lease Sale for which no bids are received at the oral auction and no noncompetitive presale offers are pending, and which have not been withdrawn from the sale by BLM, shall be available for regular noncompetitive lease offers in accordance with 43 CFR Subpart 3110 for a 2-year period. The 2-year period shall commence at 9 a.m. **June 1, 2000**. All noncompetitive offers received on that first business day following the auction will be considered simultaneously filed. Offers received thereafter shall receive priority as of the date and time of filing, as specified at 43 CFR 1821.2-3(a).

PENDING NONCOMPETITIVE PRESALE OFFERS: A presale noncompetitive offer filed in accordance with 43 CFR 3110.1(a) for a parcel offered at the sale, and for which no bid is received, has first priority over an offer filed after the sale. Parties are cautioned that any lands in a parcel not sold at the auction, which are subject to a pending noncompetitive presale offer, may not be available for further noncompetitive filings. Those lands will be issued to the party who submitted the presale offer, all else being regular. However, if it is announced at the beginning of the sale that the presale offer has been withdrawn, noncompetitive filings will be accepted after the sale for that parcel. Parcels with pending noncompetitive presale offers are identified in this Notice of Competitive Lease Sale by an asterisk.

NOTICE: Bidders are reminded that a bid shall not be withdrawn and shall constitute a legally binding commitment to execute the lease bid form and accept a lease, including the obligation to pay the bonus bid, first year's rental, and administrative fee. There have been cases in past oral auctions where the minimum deposit due from the high bidder on the day of the auction was not paid, or was paid by a check drawn on an account with insufficient funds. The Bureau of Land Management will be closely monitoring situations of this nature to determine whether further measures should be initiated to protect the integrity of the system.

NOTICE: SHOULD ASSISTANCE BE NEEDED FOR THE HEARING OR VISUALLY IMPAIRED, PLEASE CONTACT THE MONTANA STATE OFFICE AT (406) 896-5091 BY May 17, 2000. THE SALE SITE IS ACCESSIBLE TO THE HANDICAPPED.

Karen L. Johnson, Chief
Fluids Adjudication Section

OFFICIAL POSTING DATE MUST BE ON OR BEFORE April 14, 2000.

The official posting date will be noted on the copy posted in the Information Access Center of the Bureau of Land Management, Billings, Montana.

PUBLIC NOTICE

Any noncompetitive offers received for lands that are listed on the Notice from the time the list is officially posted at the Information Access Center until the first business day following the completion of the sale will be rejected as unavailable for filing as per 43 CFR 3110.1(a)(ii).

THE FOLLOWING NOTICE WILL BE ATTACHED TO ALL ISSUED LEASES

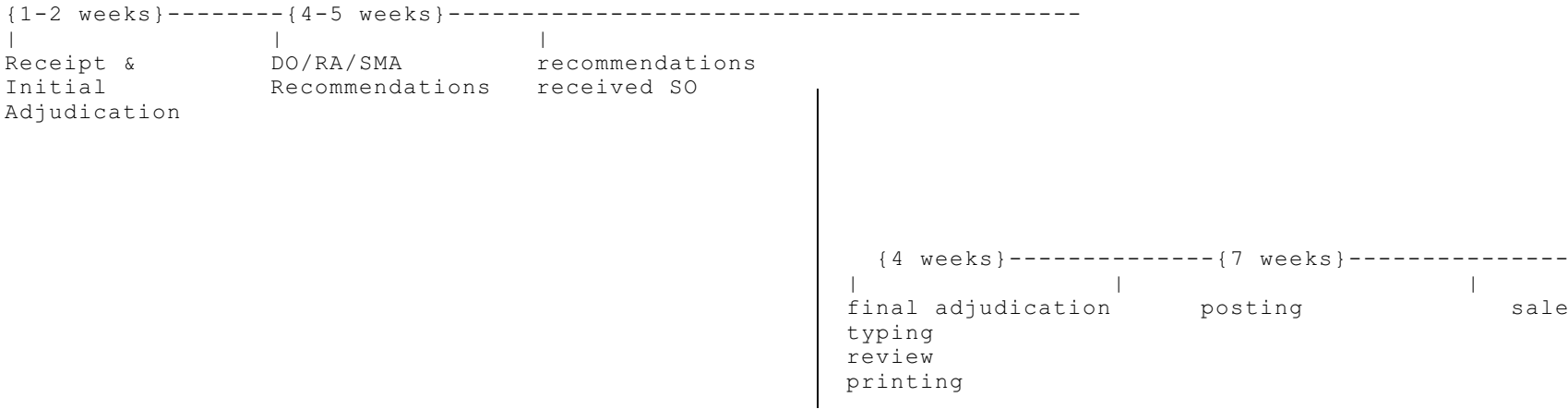
NOTICE TO LESSEE

Provisions of the Mineral Leasing Act (MLA) of 1920, as amended by the Federal Coal Leasing Amendments Act of 1976, affect an entity's qualifications to obtain an oil and gas lease. Section 2(a)(2)(A) of the MLA, 30 U.S.C. 201(a)(2)(A), requires that any entity that holds and has held a Federal coal lease for 10 years beginning on or after August 4, 1976, and who is not producing coal in commercial quantities from each such lease, cannot qualify for the issuance of any other lease granted under the MLA. Compliance by coal lessees with Section 2(a)(2)(A) is explained in 43 CFR 3472.

In accordance with the terms of this oil and gas lease with respect to compliance by the initial lessee with qualifications concerning Federal coal lease holdings, all assignees and transferees are hereby notified that this oil and gas lease is subject to cancellation if: (1) the initial lessee as assignor or as transferor has falsely certified compliance with Section 2(a)(2)(A) or (2) because of a denial or disapproval by a State Office of a pending coal action, i.e., arms-length assignment, relinquishment, or logical mining unit, the initial lessee as assignor or as transferor is no longer in compliance with Section 2(a)(2)(A). The assignee or transferee does not qualify as a bona fide purchaser and, thus, has no rights to bona fide purchaser protection in the event of cancellation of this lease due to noncompliance with Section 2(a)(2)(A).

Information regarding assignor or transferor compliance with Section 2(a)(2)(A) is contained in the lease case file as well as in other Bureau of Land Management records available through the State Office issuing this lease.

**TIMELINE TO PROCESS EXPRESSIONS OF INTEREST (EOI)
OR PRESALE OFFERS**



**Total time required to process EOI/Offer
4-5 months {16-18 weeks}**

SMA-Surface Management Agency
ie: Forest Service, Bureau of Reclamation
DO-BLM District Office RA-BLM Resource Area Office
SO-Montana State Office